



Finance Committee Recommends Aid to First-Time Buyers

After almost a year of study, the House of Commons Finance Committee called on the federal government to help first-time home buyers, and to wait for markets to settle down before taking any further action on mortgage rules. This comes some seven months after Federal Finance Minister Bill Morneau introduced the last round of mortgage rules changes designed to slow down the accumulation of mortgage debt. The Committee felt that more time was needed to see how these changes were influencing housing markets.

CHBA evidence and recommendations were specifically noted 26 times in this House of Commons report, which includes five recommendations that address housing-related data gaps, the country's mortgage regulations and housing affordability, both generally and in relation to first time homebuyers. All these recommendations reflect CHBA dialogue on Parliament Hill and closely align with CHBA's in-person testimony and submissions to the committee on the need for multi-level governmental coordination of policy initiatives, recognizing diverse markets; supporting first-time buyers; addressing data gaps; and, holding off on further mortgage-rule changes.

The Committee's Report came just days before a meeting was held in Toronto where Mr. Morneau met with Ontario Finance Minister Charles Sousa and Toronto Mayor John Tory to discuss the Greater Toronto Area housing market. At a press conference following the meeting, the three committed to working collaboratively for a "healthy, competitive and stable housing market," including addressing supply and demand issues, and avoiding unintended consequences. They further agreed to share data, meet quarterly and evaluate the impact of government measures on housing activity. While recognizing that a strong housing market reflects a strong economy, and the desire for people to continue to work and live in the region, they said the three levels of government will refrain from new measures that would boost demand in the GTA.

CHBA has supported federal leadership in coordinating a multi-level strategy to pursue the proper policy measures (such as those that address supply) for not only Canada's largest urban market, but for markets across the country. This is critical so that the proper policies and other tools, at the right levels of government, can be coordinated and implemented to ensure market-rate housing is available and affordable for families across Canada.

Free Trade Deal for Canada

A new internal-trade deal that will remove domestic trade barriers and add billions of dollars to the economy was announced earlier this month. The Canada Free Trade Agreement covers virtually all sectors of the economy except for those that are expressly listed such as beer, wine and spirits. But what does it mean for Canada's residential construction industry?

The Agreement contains a major step forward on labour mobility and skills recognition. It endorses trades who are certified in one province "to be recognized as qualified for that occupation by all," though of course the devil will be in the details on this. Still, this is a step in the right direction towards the long-time CHBA 'ask' to harmonize trades qualifications across Canada to reduce unnecessary costs and enhance productivity in the residential construction industry.

What Needs to be in a National Housing Strategy?

Later this year, CMHC will deliver the National Housing Strategy, which will include some of the measures announced in the 2017 Federal Budget, such as: a renewed partnership between the federal government and provinces and territories to better support shared housing priorities; a new \$5 billion National Housing Fund to address critical housing issues, and better support vulnerable citizens; and, expanded funding to strengthen housing research and data collection.

While CMHC has the lead role in presenting a National Housing Strategy, CHBA, its National Housing Collaborative partners, and other industry association participants are urging the federal government to ensure that the Strategy itself offers a “whole-of-government” perspective. Finance, Infrastructure and Communities, Families, Children and Social Development, and Environment and Climate Change departments, among others, all have vital contributions to make. Moreover, the key challenge of affordability for market-rate housing, especially for first-time home buyers, must be addressed in the Strategy.

CHBA will continue to make recommendations to address the root problems impacting market-rate housing affordability. This includes the need to address housing supply issues, and curbing the excessive regulation, red-tape and NIMBYism that keep family-oriented homes from being developed in sufficient numbers, in a timely manner and at prices people can afford. In terms of helping the maximum number of those in core housing need, CHBA and its National Collaborative partners continue to strongly recommend a portable housing benefit flowing to people, rather than housing units, as a key mechanism that should be in the National Housing Strategy. This would provide the most flexibility and choice for those who need support, reduce demand for limited social housing stock, and support increased mobility. In short, it would allow recipients to choose the most appropriate market-rate housing options to meet their needs.

American Tariffs on Softwood Lumber Will Raise Cost of Housing in U.S.

After months of anticipation, on April 24 the U.S. levied duties on Canadian softwood lumber. Although such duties would normally only affect the prices for U.S. customers, as a result of the long lead up, softwood prices in Canada had been escalating for many months as U.S. companies stockpiled Canadian lumber, in turn driving up prices for lumber in Canada. With the duty now in place, prices in Canada should return closer to normal.

CHBA has been actively engaged with the Department of Foreign Affairs, as well as our U.S. counterparts at the National Association of Home Builders (NAHB), to support an accelerated resolution to this trade dispute. Although the courts have consistently ruled in Canada’s favour on the softwood issue over the decades, the drawn-out nature of this process can have very negative economic affects for Canada in the interim—lumber-related job losses, closing of mills, and regional economic downturns. If mills close and capacity is lost, prices could rise again once the duties are lifted. The success of CHBA in the drywall duty issue is an example of a more balanced approach to a trade dispute—CHBA strongly advocates that trade disputes regarding construction materials in the integrated Canada-U.S. market are detrimental to both countries and should be avoided, or at least resolved quickly when they arise.

CHBA’s 2017 National Conference Draws Near

Time is running out to register for the national homebuilding event of the year: CHBA’s 74th National Conference, May 10-12, in historic St. John’s, NL. In addition to great networking opportunities, the excitement of the CHBA National Awards for Housing Excellence and an amazing line-up of insightful speakers, here’s what else we have in store for delegates:

- NEW! Explore historic St. John’s and Cape Spear by land on the Newfoundland Chocolate and Port Tasting Tour, or keep an eye out for puffins, whales, and icebergs on the Bird Island Boat Tour
- Great Big Talent: Séan McCann, founding band member of Great Big Sea is performing
- Dave Carroll, Singer/Songwriter and Author, United Breaks Guitars— speaking on company culture and success
- Sunny Lenarduzzi, Host, Hootsuite’s “Social Update”—video marketing and social media
- Bruce Anderson, Principal, Anderson Insight—public opinion and political affairs
- Eric DenOuden, CHBA President-Elect—industry priorities and Canadians’ homes
- Kevin Lee, CHBA CEO—advocacy, collaboration and change
- And more! The 2017 CHBA Homebuyer Preference Survey • When Tiny Houses Fit • Creating Sustainable Communities—The Experience of Industry Leaders • Prefab Renovations • Building the “Missing Middle” • Are You Cyber Aware?



Visit www.chba.ca/conference for program details and to register.



Updated GDP Numbers for Canada

Canada's economy grew at an annualized pace of almost 4% in the first quarter, according to the Bank of Canada. For 2017, the Bank is projecting growth at 2.6%, somewhat ahead of its G7 counterparts.

The Bank says Canadian growth exceeded its expectations, and it now predicts the economy will expand at an annual rate of 2.6% in 2017 — up from its January forecast of 2.1%. Economic growth is now expected to expand by 1.9% in 2018, down from the Bank's January forecast of 2.1%, and to hit 1.8% in 2019.

The International Monetary Fund, meanwhile, forecasts global growth at 3.5% for this year and 3.6% for 2018, up from 3.1% in 2016.

Expected Slowdown in Residential Construction

The Conference Board of Canada also released its forecasts for residential construction activity. Among the notable highlights are:

- Following a relatively weak 2016, residential activity is poised to see a modest decrease in 2017 as housing starts are expected to decline this year.
- Spending on home renovations is now showing signs of weakness too. The Board expects price-adjusted spending growth to average less than 1% per year through 2020.
- A slowdown in multi-units, particularly in the apartment and row house segment, is expected to drag down industry output by 0.2% in 2017.
- Overall, housing starts in Quebec and British Columbia will struggle through 2020, while other provinces, particularly Alberta and Saskatchewan, will experience stronger growth.

Demand by Millennial Households

CMHC released an update to its *Long-term Household Projections* for millennials. It estimates that the number of millennial households will more than triple by 2036.

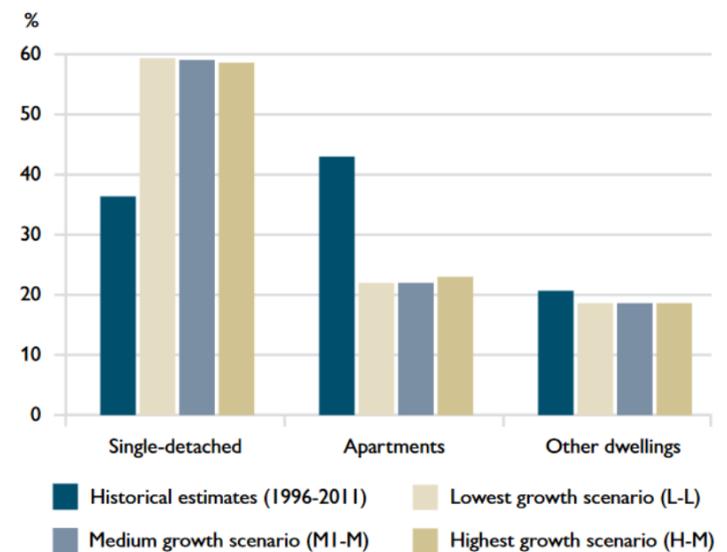
The report also predicts that the number of couples with children will reach 29% of all millennial households by 2036, and 72% of millennial households will own their own homes by 2036.

The report estimates that 60% of millennial households will live in single-detached houses, replacing apartments as the most common dwelling type—however, CHBA notes that government policy will need to evolve if this is to occur.

This reflects both CHBA's argument that family-oriented housing is still the most desirable type of housing for young Canadians, and CHBA data that shows if current trends in supply continue, Canada will see a shortfall of some 300,000 family-oriented homes over the next decade.

The significant and growing mismatch between housing demand and what the residential construction industry is able to supply, given today's planning and zoning regulations and lack of available serviced land, is explored thoroughly in CHBA's recently released [The Housing Supply Deficit – Not Enough Homes for Families with Young Children](#) report (www.chba.ca/housingdeficit).

Proportion of millennial generation dwellings by type, Canada



Source: CMHC (projections) and adapted from Statistics Canada (population projection 2014)